



STAFF REPORT TO COMMITTEE

DATE OF REPORT December 20, 2023

MEETING TYPE & DATE Electoral Area Services Committee of January 17, 2024

FROM: Utilities Division
Operations Department

SUBJECT: Honeymoon Bay Water System Lease Agreement - Manulife
Investment Management

FILE: 2240-55

PURPOSE/INTRODUCTION

The purpose of this report is to bring a lease agreement (aka licence of occupation) between the CVRD and Manulife Investment Management for the well, treatment building, road access and reservoir in Honeymoon Bay to Committee.

RECOMMENDED RESOLUTION

That it be recommended to the Board that a licence of occupation be approved, and executed between the CVRD and FMIC Aggregator Limited Partnership by Manulife Investment Management Forest Management Inc. to commence December 16, 2023 to December 15, 2025 in the amount of \$1,300. plus GST annually (2 years with the intent of renewing at expiration) for years 2023, 2024 and 2025 for Honeymoon Bay Water System infrastructure.

BACKGROUND

In the 1970's, the Honeymoon Bay Improvement District installed a water intake and system of waterworks over a section of land in Honeymoon Bay. The water impoundment area behind a dam on Ashburnum Creek, and Cowichan Lake intake, were the 2 sources of water. The CVRD took over this water system in 1994, and a well was drilled on forestry lands based on an agreement between the land owners, the CVRD, and the Area Director at the time.

Water quality started to deteriorate, with gravel washing down the creek and several boil water advisories issued by Island Health came into effect. The well was developed and an access agreement and Statutory Right of Way (SRW) was prepared for both Timberwest and John Hancock Lands to site the well, a well protection area, treatment building, a new reservoir, pipeworks and access road.

Timberwest provided a SRW over their portion of lands. CVRD staff negotiated with John Hancock for several years for the SRW, however, the organization preferred a lease agreement. The land has now changed hands and is owned by Manulife Investment Management. Staff requested a SRW, from the new owners as this infrastructure is critical for the Honeymoon Bay Water System and community, however, currently Manulife Investment prefer to maintain a lease agreement.

ANALYSIS

The well, treatment building, well protection area, reservoir and access road are critical for the Honeymoon Bay community and an agreement is required. The draft lease agreement is in Attachment A.

FINANCIAL CONSIDERATIONS

Manulife is requesting a term of 2 years (December 16, 2023 – December 15, 2025) with the intent of renewing at expiration. It will include an annual fee of \$1,300 which will be paid on January 16, 2024 and January 16, 2025 for years - 2024 and 2025.

COMMUNICATION CONSIDERATIONS

Communications with Manulife Investment Management are underway.

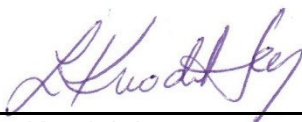
STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The Corporate Strategic Plan includes an objective to demonstrate strong fiscal leadership. The recommended resolution provides a reliable essential service.

Referred to (upon completion):

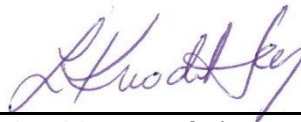
- ☐ Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- ☒ Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- ☐ Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- ☐ Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- ☐ Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

Prepared by:



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Reviewed by:



(Acting Manager for)
Vanessa Thomson, P. Eng.
Utilities Manager



Darcy Mooney,
Operations General Manager

Reviewed for form and content and approved for submission to the Committee:

Resolution:

☒ Corporate Officer

Financial Considerations:

☒ Chief Financial Officer

ATTACHMENTS:

Attachment A – Draft Lease Agreement